RATING SELL | CMP INR 1,130 | TP INR 943

PL Capital
PRABHUDAS LILLADHER

Sudeep Pharma (SUDEEPPH IN)

Q2FY27 Result Update

October 29, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	SELL		SELL	
Target Price	943		976	
Sales (INR mn)	8,193	9,168	8,191	9,203
% Chng.	-	*(0.4)*		
EBITDA (INR mn)	2,953	3,302	2,867	3,221
% Chng.	*3.0*	*2.5*		
EPS (INR)	19.0	21.1	18.4	20.6
% Chng.	*3.3*	*2.4*		

Key Data	SUDP.BO | SUDEEPPH IN
BSE Code	544619
NSE Code	SUDEEPPHRM
52-W High / Low	INR 1,378 / INR 524
Face Value	1
Sensex / Nifty	74,151 / 22,937
Market Cap	INR 128 bn / $ 1,340 mn
Shares Outstanding	112.95 mn
3M Avg. Daily Value	INR 355.00 mn

Shareholding Pattern (%)

Promoters	76.15
FIIs	2.93
Mutual Funds	7.43
Domestic Institutions	6.62
Public & Others	6.87
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(5.4)	28.5	63.1	0.0
Relative	(7.5)	34.6	70.5	0.0

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	6,423	7,457	8,193	9,168
EBITDA (INR mn)	2,219	2,686	2,953	3,302
Margin (%)	*34.6*	*36.0*	*36.0*	*36.0*
PAT (INR mn)	1,743	1,975	2,147	2,386
EV (INR mn)	129,007	128,332	127,996	127,539
Total Debt (INR mn)	1,483	1,943	2,143	1,843
C&C Eq. (INR mn)	267	1,254	1,791	1,948
EPS (INR)	15.4	17.5	19.0	21.1
Gr. (%)	*8.1*	*13.3*	*8.7*	*11.1*
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	*25.3*	*20.1*	*18.1*	*16.9*
RoCE (%)	*25.0*	*21.4*	*19.1*	*18.2*
EV/Sales (x)	20.1	17.2	15.6	13.9
EV/EBITDA (x)	58.1	47.8	43.3	38.6
PE (x)	73.2	64.6	59.4	53.5
P/BV (x)	14.5	11.8	9.9	8.3

Phase-1 of pCAM to commission by April'27

Quick Pointers

- Government paused the fortified rice programme, impacting specialty ingredients performance
- Nandesari 51,000 mtpa facility received FDA approval; commercial supplies expected from H2FY27

Sudeep Pharma reported consolidated revenue of INR1.97bn in Q2FY27, up 21% YoY and 24% QoQ. The Specialty Ingredients (SI) segment reported revenue of INR540mn, down 25% YoY but up 9% QoQ, primarily due to the temporary pause in the government's fortified rice program and a softer performance at NSS. This segment is expected to grow YoY in H2FY27 led by new customer contracts and approvals across infant nutrition, dietary supplements and human nutrition. The Pharmaceutical, Food & Nutrition (PFN) segment revenue grew 57% YoY to INR1.42bn and segment EBITDA margin expanded to ~41% from 33% in Q2FY26, supported by strong phosphate demand and higher volumes of magnesium bisglycinate. The Nandesari greenfield facility received FDA approval during the quarter, with commercial supplies expected to commence in H2FY27. The company's pCAM project remains on track for Phase 1 commissioning by April'27, with customer approvals increasing and management targeting partnerships with 5–7 large customers and plans for capacity beyond 100ktpa to 200ktpa is already underway.

We expect the company to deliver Revenue/EBITDA/PAT CAGRs of 12.6%/14%/11% over FY26–FY29E. At the current market price, the stock trades at 56x Sep'28E EPS, which we believe is a premium valuation given the near-term earnings outlook. While the Nandesari expansion and magnesium bisglycinate offer meaningful growth and product-mix benefits, the pace of earnings accretion will depend on customer qualification, capacity ramp-up and the conversion of approvals into commercial volumes. Similarly, battery materials business commercialisation and offtake commitments remain key execution milestones. We continue to remain cautious and maintain our 'SELL' rating with a target price of INR943.

Revenue increased 21%YoY/24.3%QoQ: Consolidated revenue stood at INR2bn (21% YoY/24.3% QoQ) (PLe: INR1.6bn), actual revenue was 20% higher than our estimates.H1FY27 revenue stood at INR3.6bn increased by 23.4%. This growth is driven by healthy demand across portfolio and supported by a favourable product mix. Gross margin stood at 64.7%, compared with 62.5% in Q2FY26 and 64.2% in Q1FY27. Absolute gross profit increased 25% QoQ and YoY to INR 1.3bn.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	*% Var.*	Q2'26A	*YoY gr. (%)*
Net Sales (INR mn)	1,637	1,967	*20.2*	1,627	*20.9*
EBITDA (INR mn)	568	732	*28.9*	555	*31.9*
Margin (%)	*34.7*	*37.2*	*250 bps*	*34.1*	*310 bps*
PAT (INR mn)	424	518	*22.2*	468	*10.7*

Source: Company, PL

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Specialty EBIT margin contract by 970bps YoY: The Specialty Ingredients segment EBIT margin contracted 970bps YoY, compared with 33.2% in Q2FY26. In contrast, the Pharma & Food Nutrition segment reported EBIT margin expansion of 810bps YoY and 180bps QoQ. The Pharma segment accounted for 71% of total revenue during the quarter

EBITDA increased by 32%QoQ and 33.4%YoY: EBITDA increased 32% YoY and 33.4% QoQ to INR732mn, with EBITDA margin expanding to 37.2% from 34.1% in Q2FY26 and 34.7% in Q1FY27, PAT stood at (10.7% YoY /27.6% QoQ), while PAT margin at 26.3% (vs. 28.7% in Q2FY26 and 25.6% in Q1FY27).

Exhibit 1: Quarterly Estimates

Particulars	Q1FY27A	*YoY gr.*	Q2FY27A	*YoY gr.*	Q3FY27E	*YoY gr.*	Q4FY27E	*YoY gr.*
Revenue from Operations	1,583	*27%*	1,967	*21%*	1,939	*12%*	1,968	*8%*
EBITDA	549	*25%*	732	*32%*	698	*16%*	707	*13%*
Margin (%)	*34.7*		*37.2*		*36.0*		*35.9*	
Adjusted PAT	406	*30%*	518	*11%*	514	*8%*	537	*11%*

Source: Company, PL

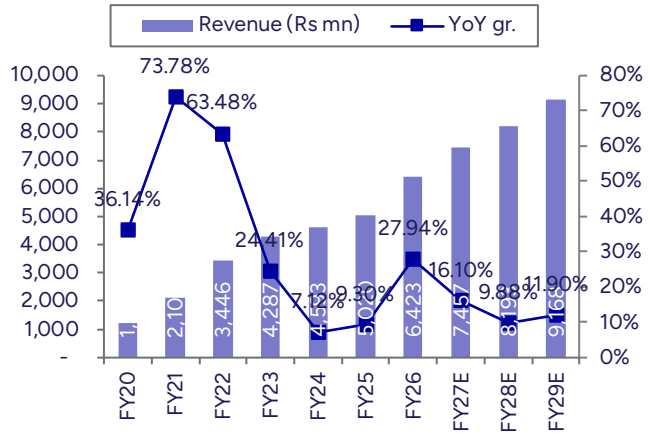
Concall takeaways: (1) In Pharma, Food & Nutrition segment Growth was seen across India, Africa, APAC and Europe, supported by the phosphate portfolio, new customer additions and increasing contribution from higher-value ingredients. **(2)** Europe saw improved customer engagement and conversion of approvals into regular orders. **(3)** The new facility will support existing PFN products as well as newer categories, including glycinates, gluconates, citrates and phosphates. **(4)** The Magnesium bisglycinate sales momentum continued in Q2FY27 after Q1 sales had already exceeded the full-year FY26 sales. **(5)** Phosphoric acids prices have increased sharply, the company has enough inventory built up during Q1 which will support manufacturing until Nov. **(6) In** Speciality ingredients segment Performance was impacted as govt's fortified rice program, which contributes significantly to the segment, was temporarily paused. Management has no visibility on whether it will restart in FY27. **(7)** This govt program contributed ~20–25% of annual specialty ingredients revenue (INR400-500mn in FY26), realisations were also higher. **(8)** Overall volume increased but realisation were lower as fortified rice had higher realisation. **(9)** NSS is expanding its customer base beyond Ireland and increasing sourcing from India, expect NSS to deliver a stronger performance in FY28. **(10)** In NSS secured five customer approvals, with ~12 projects at various stages of evaluation and development. **(11)** In Sudeep Advanced Materials Segment Phase I capacity of 25,000 MTPA is targeted for completion by March 2027. **(12**) China has a capacity of 5mntpa, Sudeep is the only non-Chinese player for Iron Phosphate. **(13)** Customer will be across US, South Korea, Europe and India, initial capacity will be concentrated among 5–7 strategic customers.

Exhibit 2: Q2FY27 Result Overview

Y/e March	Q2FY27	Q2FY26	YoY gr. (%)	Q2FY27E	%Var	Q1FY27	QoQ gr. (%)	H1FY27	H1FY26	YoY gr. (%)
Net Sales	**1,967**	**1,627**	***20.9***	**1,637**	***20.2***	**1,583**	***24.3***	**3,550**	**2,876**	***23.4***
Gross Profit	1,272	1,017	*25.0*	1,048	*21.4*	1,017	*25.1*	2,289	1,843	*24.2*
Margin (%)	*64.7%*	*62.5%*		*64.00%*		*64.2%*		*64.5%*	*64.1%*	*0.6*
EBITDA	**732**	**555**	***32.0***	**568**	***29.0***	**549**	***33.4***	**1,281**	**993**	***29.0***
Margin (%)	*37.2%*	*34.1%*	*9.2*	*0*	*7.4*	*34.7%*	*7.3*	*36.1%*	*34.5%*	*4.5*
Other Income	60	102	*-41.1*	53	*11.9*	54	*9.9*	114	153	*-25.4*
Depreciation	54	38	*41.1*	43	*26.4*	40	*34.4*	94	71	*32.8*
EBIT	**738**	**618**	***19.4***	**578**	***27.7***	**564**	***31.0***	**1,302**	**1,076**	***21.0***
Interest	28	23	*23.3*	22	*28.7*	21	*36.3*	49	40	*22.2*
PBT before exceptional items	**710**	**595**	***19.3***	**557**	***27.6***	**543**	***30.8***	**1,253**	**1,036**	***21.0***
Share of Profit of Associate and JV	-	-	*!*	-		-		-	-	
Total Tax	192	128	*50.7*	132	*45.2*	137	*40.2*	329	256	*28.8*
ETR (%)	*27%*	*21%*	*26.3*	*0*		*25%*	*7.2*	*26.28%*	*24.67%*	*6.5*
Adj. PAT	**518**	**468**	***10.7***	**424**	***22.1***	**406**	***27.6***	**924**	**780**	***18.4***
Exceptional Items	-	-		-		-		-	-	
PAT	**518**	**468**	***10.7***	**424**	***22.1***	**406**	***27.6***	**924**	**780**	***18.4***

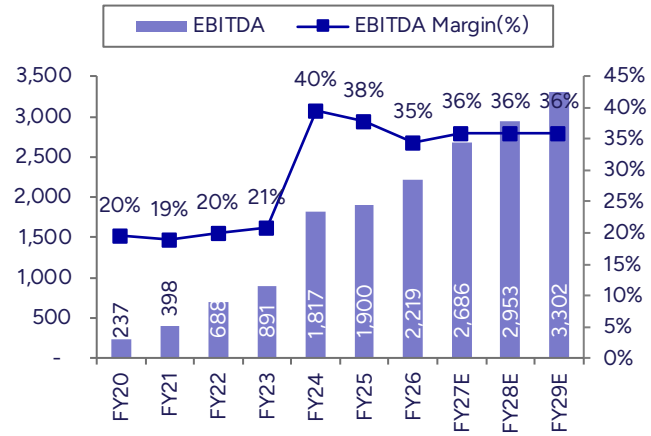
Source: Company, PL

Exhibit 3: Revenue CAGR of 13% over FY26-29E



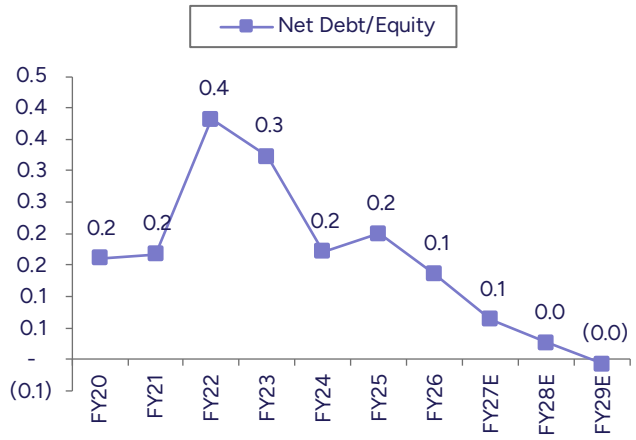
Source: Company, PL

Exhibit 4: EBITDA margin to remain at 36% in FY29E



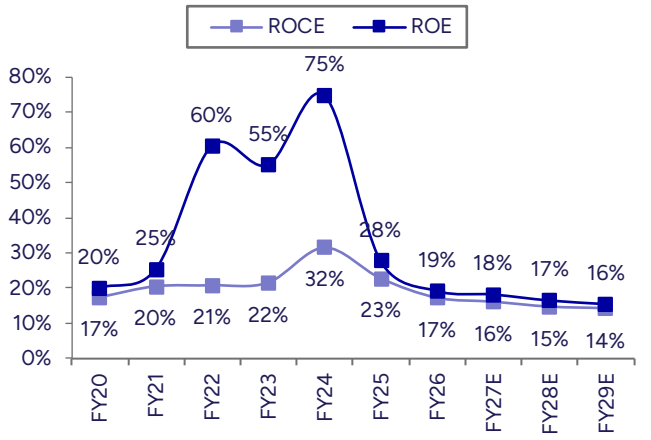
Source: Company, PL

Exhibit 5: Net debt/Equity to decline going ahead



Source: Company, PL

Exhibit 6: Return ratios to hover at 15%-17%



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**6,423**	**7,457**	**8,193**	**9,168**
YoY gr. (%)	*27.9*	*16.1*	*9.9*	*11.9*
Cost of Goods Sold	2,273	2,647	2,909	3,255
Gross Profit	4,150	4,810	5,285	5,914
Margin (%)	*64.6*	*64.5*	*64.5*	*64.5*
Employee Cost	519	611	672	752
Other Expenses	1,412	1,512	1,660	1,860
EBITDA	**2,219**	**2,686**	**2,953**	**3,302**
YoY gr. (%)	*16.8*	*21.0*	*9.9*	*11.8*
Margin (%)	*34.6*	*36.0*	*36.0*	*36.0*
Depreciation and Amortization	148	219	291	367
EBIT	**2,071**	**2,467**	**2,662**	**2,935**
Margin (%)	*32.2*	*33.1*	*32.5*	*32.0*
Net Interest	76	97	86	74
Other Income	286	298	287	321
Profit Before Tax	**2,281**	**2,668**	**2,863**	**3,182**
Margin (%)	*35.5*	*35.8*	*34.9*	*34.7*
Total Tax	538	694	716	795
Effective Tax Rate (%)	*23.6*	*26.0*	*25.0*	*25.0*
Profit After Tax	**1,743**	**1,975**	**2,147**	**2,386**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,743**	**1,975**	**2,147**	**2,386**
YoY gr. (%)	*25.6*	*13.3*	*8.7*	*11.1*
Margin (%)	*27.1*	*26.5*	*26.2*	*26.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,743**	**1,975**	**2,147**	**2,386**
YoY gr. (%)	*25.6*	*13.3*	*8.7*	*11.1*
Margin (%)	*27.1*	*26.5*	*26.2*	*26.0*
Other Comprehensive Income	(12)	-	-	-
Total Comprehensive Income	1,731	1,975	2,147	2,386
Equity Shares O/s (mn)	**113**	**113**	**113**	**113**
EPS (INR)	**15.4**	**17.5**	**19.0**	**21.1**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**2,635**	**4,135**	**5,635**	**7,135**
Tangibles	2,635	4,135	5,635	7,135
Intangibles	-	-	-	-
Acc: Dep / Amortization	**395**	**613**	**904**	**1,271**
Tangibles	395	613	904	1,271
Intangibles	-	-	-	-
Net Fixed Assets	**2,240**	**3,521**	**4,731**	**5,863**
Tangibles	2,240	3,521	4,731	5,863
Intangibles	-	-	-	-
Capital Work In Progress	1,852	1,852	1,852	1,852
Goodwill	682	-	-	-
Non-Current Investments	195	226	249	278
Net Deferred Tax Assets	(55)	(70)	(81)	(95)
Other Non-Current Assets	501	581	639	715
Current Assets				
Investments	-	-	-	-
Inventories	2,160	1,886	2,072	2,318
Trade Receivables	2,275	2,753	3,025	3,385
Cash & Bank Balance	267	1,254	1,791	1,948
Other Current Assets	1,481	1,719	1,889	2,114
Total Assets	**11,749**	**13,897**	**16,356**	**18,591**
Equity				
Equity Share Capital	113	113	113	113
Other Equity	8,720	10,695	12,842	15,229
Total Networth	**8,833**	**10,808**	**12,955**	**15,342**
Non-Current Liabilities				
Long Term Borrowings	343	343	343	343
Provisions	-	-	-	1
Other Non Current Liabilities	311	16	17	19
Current Liabilities				
ST Debt / Current of LT Debt	1,140	1,600	1,800	1,500
Trade Payables	684	794	873	977
Other Current Liabilities	195	226	247	275
Total Equity & Liabilities	**11,748**	**13,896**	**16,356**	**18,591**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	2,281	2,668	2,863	3,182
Add. Depreciation	148	219	291	367
Add. Interest	76	97	86	74
Less Financial Other Income	286	298	287	321
Add. Other	(134)	-	-	-
Op. Profit before WC Changes	2,371	2,984	3,240	3,623
Net Changes-WC	(1,121)	(408)	(604)	(800)
Direct Tax	(555)	(694)	(716)	(795)
Net Cash from Op. Activities	**696**	**1,882**	**1,920**	**2,028**
Capital Expenditures	(854)	(1,500)	(1,500)	(1,500)
Interest / Dividend Income	34	-	-	-
Others	(2,489)	-	-	-
Net Cash from Invt. Activities	**(3,309)**	**(1,500)**	**(1,500)**	**(1,500)**
Issue of Share Cap. / Premium	70	-	-	-
Debt Changes	(103)	-	-	-
Dividend Paid	2,483	-	-	-
Interest Paid	(113)	(97)	(86)	(74)
Others	136	463	202	(297)
Net Cash from Fin. Activities	**2,473**	**366**	**117**	**(370)**
Net Change in Cash	**(141)**	**749**	**536**	**157**
Free Cash Flow	(158)	382	420	528

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Net Revenues	**1,723**	**1,823**	**1,583**	**1,967**
YoY gr. (%)	*49.2*	*15.7*	*26.7*	*20.9*
Raw Material Expenses	602	639	566	695
Gross Profit	1,121	1,185	1,017	1,272
Margin (%)	*65.1*	*65.0*	*64.2*	*64.7*
EBITDA	**600**	**626**	**549**	**732**
YoY gr. (%)	*52.6*	*6.4*	*25.2*	*32.0*
Margin (%)	*34.8*	*34.3*	*34.7*	*37.2*
Depreciation / Depletion	39	39	40	54
EBIT	**561**	**587**	**509**	**679**
Margin (%)	*32.6*	*32.2*	*32.2*	*34.5*
Net Interest	12	24	21	28
Other Income	68	64	54	60
Profit before Tax	**618**	**627**	**543**	**710**
Margin (%)	*35.8*	*34.4*	*34.3*	*36.1*
Total Tax	141	142	137	192
Effective Tax Rate (%)	*22.8*	*22.6*	*25.2*	*27.1*
Profit After Tax	**477**	**485**	**406**	**518**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**477**	**485**	**406**	**518**
YoY gr. (%)	*66.1*	*9.7*	*29.8*	*10.7*
Margin (%)	*27.7*	*26.6*	*25.6*	*26.3*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**477**	**485**	**406**	**518**
YoY gr. (%)	*66.1*	*9.7*	*29.8*	*10.7*
Margin (%)	*27.7*	*26.6*	*25.6*	*26.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**477**	**485**	**-**	**-**
Avg. Shares O/s (mn)	113	113	113	113
EPS (INR)	**4.2**	**4.3**	**3.6**	**4.6**

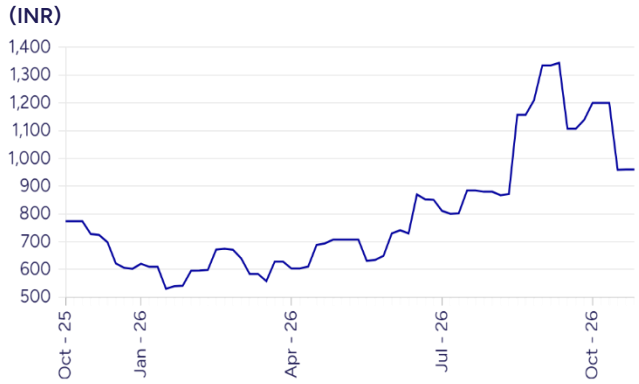
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	15.4	17.5	19.0	21.1
CEPS	16.7	19.4	21.6	24.4
BVPS	78.2	95.7	114.7	135.8
FCF	(1.4)	3.4	3.7	4.7
DPS	-	-	-	-
Return Ratio (%)				
RoCE	25.0	21.4	19.1	18.2
ROIC	19.8	16.9	16.1	15.4
RoE	25.3	20.1	18.1	16.9
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	-	-
Net Working Capital (Days)	213	188	188	188
Valuation (x)				
PER	73.2	64.6	59.4	53.5
P/B	14.5	11.8	9.9	8.3
P/CEPS	67.5	58.2	52.4	46.4
EV/EBITDA	58.1	47.8	43.3	38.6
EV/Sales	20.1	17.2	15.6	13.9
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	-	0.3	0.3	0.4
PEG Ratio	9.0	4.9	6.8	4.8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Oct-26	SELL	976	1170
2	14-Aug-26	SELL	855	1100
3	06-Aug-26	Reduce	855	959
4	07-Jul-26	REDUCE	760	811
5	22-May-26	REDUCE	627	673
6	24-Apr-26	Reduce	638	682

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aarti Industries	Accumulate	521	491
2	Acutaas Chemicals	BUY	4693	3793
3	Bharat Petroleum Corporation	Accumulate	305	290
4	Bharti Airtel	BUY	2367	1834
5	Clean Science and Technology	Accumulate	827	741
6	Deepak Nitrite	REDUCE	1433	1554
7	Fine Organic Industries	BUY	6629	5626
8	GAIL (India)	BUY	204	171
9	Gujarat Energy	HOLD	239	228
10	Gujarat Fluorochemicals	HOLD	4665	4556
11	Hindustan Petroleum Corporation	HOLD	342	338
12	Indian Oil Corporation	Accumulate	138	130
13	Indraprastha Gas	BUY	165	146
14	Jubilant Ingrevia	HOLD	649	632
15	Laxmi Organic Industries	REDUCE	177	190
16	Mahanagar Gas	Accumulate	1187	1039
17	Mangalore Refinery & Petrochemicals	HOLD	180	185
18	Navin Fluorine International	Accumulate	9244	8490
19	NOCIL	HOLD	178	172
20	Oil & Natural Gas Corporation	Accumulate	250	222
21	Oil India	Accumulate	512	454
22	P.I. Industries	HOLD	2305	2210
23	Paradeep Phosphates	Accumulate	173	155
24	PCBL Chemical	BUY	375	327
25	Petronet LNG	Accumulate	313	297
26	Reliance Industries	BUY	1480	1208
27	SRF	HOLD	2349	2331
28	Sudeep Pharma	SELL	976	1170
29	Vinati Organics	Accumulate	1278	1142

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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